



October 2, 2014

Ms. Candice Allbaugh
Housing Credit Administrator
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: The Pearl (2011-158C/2014-002C) (the "Development")
Miami, Miami-Dade County, FL 33142

Dear Ms. Allbaugh:

Pearl Apartments, Ltd. ("Applicant") applied to the Florida Housing Finance Corporation ("Florida Housing") for a Housing Credit ("HC") allocation under the 2011 Program to finance the Development. On April 26, 2013, Florida Housing's Board adopted the Findings of Fact of the Recommended Order, the Conclusions of Law of the Recommended Order, the Recommendation of the Recommended Order and a Final Order granting an allocation of tax credits. On May 14, 2013, Florida Housing issued an Invitation to Credit Underwriting to the Applicant. AmeriNational issued a final credit underwriting report dated June 24, 2014 recommending a 9% HC allocation of \$2,225,348 per annum for the construction and permanent financing of the Development.

The Development will consist of 100 newly constructed units in an eight-story high-rise apartment building with two elevators, leasing office, clubhouse/community room, exercise room, library, computer room, controlled access entry, 24-hour emergency call system and a parking garage. The Development will set aside 10% of the total units (10) for households earning 28% of the Area Median Income ("AMI") or less, and 90% of the units (90) for households earning 60% of the AMI, or less. The Development must also set-aside at least 80% of the units for elderly tenants age 55 and above.

AmeriNational engaged Varian Associates, PA ("Varian") to perform site inspections at the Development during construction. A Site Inspection Report #1 was provided, dated September 9, 2014, indicating construction was approximately 20% complete. Varian also noted a subcontractor, contracted for the shell concrete structure of the buildings, was awarded 30% of the overall project budget.

According to Rule Chapter 67-48.0072(17)(f) F.A.C - Credit Underwriting and Loan Procedures (2011), the general contractor must "ensure that not more than 20 percent of the construction cost is subcontracted to any one entity unless otherwise approved by the Board for a specific Development".

Varian opines that a percentage of 30% should pose no significant risk to the completion of the Development as the subcontractor is a capable contractor that is able to successfully complete the scope of work assigned and the presence of a Payment and Performance Bond significantly mitigates any risk to the completion of the project. It is the opinion of Varian that the present contract arrangement is appropriate and acceptable for The Pearl.

(813) 282-4800 • 5300 W. Cypress Street, Suite 261, Tampa, FL 33607 • www.amerinternational.net

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In consideration of Varian's opinion, AmeriNational recommends Florida Housing approve the general contractor's use of a building shell subcontractor providing work at a cost that is more than 20% of the construction cost at this Development.

Sincerely,

A handwritten signature in cursive script that reads "Kimberly A. Thorne".

Kimberly A. Thorne
Credit Underwriter